



April 9, 2014

Item No. 2

AUTHORIZATION TO 1) ENTER INTO A PURCHASE AND SALES AGREEMENT WITH XS TENNIS VILLAGE LLC, 2) SUBMIT A DISPOSITION APPLICATION TO HUD FOR THE DISPOSITION OF CHA LAND COMMONLY REFERRED TO AS THE VACANT ROBERT TAYLOR SITE NEAR 53RD STREET AND STATE STREET, CHICAGO, ILLINOIS (THE "CHA LAND") BY NEGOTIATED SALE; 3) DISPOSE OF THE CHA LAND BY NEGOTIATED SALE PURSUANT TO THE PURCHASE AND SALE AGREEMENT UPON HUD APPROVAL OF THE DISPOSITION APPLICATION; AND 4) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to 1) Enter into a Purchase and Sales Agreement with the XS Tennis Village LLC; 2) Submit a Disposition application to HUD for the disposition of CHA land commonly referred to as the vacant Robert Taylor site near 53rd Street and State Street, Chicago, Illinois (the "CHA Land") by negotiated sale; 3) Dispose of the CHA Land by negotiated sale pursuant to the Purchase and Sale Agreement upon HUD approval of the Disposition application; and 4) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The Deputy Chief of Development, Office of the General Counsel and Department of Procurement and Contracts have completed all necessary due diligence to support submission of this initiative and recommend approval of this item accordingly.

CORPORATE GOAL #1

The proposed development supports CHA's corporate goal to reimagine the Plan for Transformation by redeveloping CHA land near 53rd Street and State Street, and coordinate public and private investments to develop healthy, vibrant communities.

FUNDING: No Funding Required

GENERAL BACKGROUND

The XS Tennis Village LLC ("XS Tennis" or "Developer") approached CHA with a desire to purchase a portion of vacant Robert Taylor land generally located near 53rd Street and State Street at fair market value for development of a tennis/sport facility complex, commonly referred to as Tennis Village. More specifically, XS Tennis is seeking to acquire and develop approximately 13.2 acres of real property owned by the Chicago Housing Authority (CHA) and bounded by just north of 53rd Street, South Federal Street on the west, 54th Street on the south, and South State Street on the east. The Robert Taylor land in question has been vacant for over a decade. The Project shall consist of the construction of an indoor tennis facility, housing 10 regulation-size tennis courts, 12 'mini' tennis courts, a running track, fitness center, 'temporary' basketball courts, classrooms and training space. Developer's goal is to train between 400 to 500 students per year and employ 20 coaches as well as

20 additional support staff. The tennis/sport facility will create a year-round recreational space; establishing a safe haven for children during the after school hours.

Three appraisals were commissioned to assess the value of the CHA Land to be conveyed to XS Tennis. The CHA commissioned appraisal, dated May 21, 2013, estimated the highest and best use (build-to-suit mixed-use residential and commercial development) to be \$7.00/SF. The XS Tennis commissioned appraisal, dated December 23, 2013, estimated the highest and best use (to hold the land for investment until demand warrants commercial development) to be \$4.75/SF. CHA updated its appraisal because it was outdated, and based upon its new appraisal protocol, requested market value estimates based upon both the highest and best use and the highest and best intended use if different from the highest and best use. The appraisal updated on February 6, 2014, estimated the highest and best use (build-to-suit mixed-use residential and commercial development) market value to be \$7.00/ SF, and it estimated the highest and best intended use (tennis facility) market value to be \$3.50 S/F. XS Tennis has offered to pay CHA \$2,000,000 (approx. \$3.50/SF-highest and best intended use market estimate) and to provide commensurate benefits to CHA residents in the form of scholarships and jobs equivalent to \$2,600,000 over a ten year period, for a total value of \$4,600,000.

CHA and the Developer will enter into a formal Purchase and Sales Agreement for the sale of the CHA land. CHA seeks to transfer and convey in fee simple and the Developer agrees to purchase the property previously described above from CHA for the sale price of Two Million dollars (\$2,000,000).

In addition, the Developer agrees to commensurate benefits that include reserving annually 60 class scholarships valued at \$180,000 for CHA youth in the XS Tennis programs, and reserving for CHA residents 2-3 employment opportunities (jobs) for a total annual salary compensation not to exceed \$80,000.

The Board action recommended in this item complies in all material respects with all applicable CHA board policies and all applicable federal (HUD) procurement regulations.

The Deputy Chief of Development concurs with the recommendation to: 1) Enter into a Purchase and Sales Agreement with XS Tennis Village LLC, 2) Submit a Disposition application to HUD for the disposition of CHA land commonly referred to as the vacant Robert Taylor site near 53rd Street and State Street, Chicago, Illinois (the "CHA Land") by negotiated sale; 3) Dispose of the CHA Land by negotiated sale pursuant to the Purchase and Sale Agreement upon HUD approval of the Disposition application; and 4) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The CEO/President recommends approval to 1) Enter into a Purchase and Sales Agreement with XS Tennis Village LLC; 2) Submit a Disposition application to HUD for the disposition of CHA land commonly referred to as the vacant Robert Taylor site near 53rd Street and State Street, Chicago, Illinois (the "CHA Land") by negotiated sale; 3) Dispose of the CHA Land by negotiated sale pursuant to the Purchase and Sale Agreement upon HUD approval of the Disposition application; and 4) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

RESOLUTION NO. 2014-CHA-35

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated April 9, 2014 entitled Authorization to 1) Enter into a Purchase and Sales Agreement with XS Tennis Village LLC; 2) Submit a Disposition application to HUD for the disposition of CHA land commonly referred to as the vacant Robert Taylor site near 53rd Street and State Street, Chicago, Illinois (the "CHA Land") by negotiated sale; 3) Dispose of the CHA Land by negotiated sale pursuant to the Purchase and Sale Agreement upon HUD approval of the Disposition application; and 4) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to 1) Enter into a Purchase and Sales Agreement with XS Tennis Village LLC; 2) Submit a Disposition application to HUD for the disposition of CHA land commonly referred to as the vacant Robert Taylor site near 53rd Street and State Street, Chicago, Illinois (the "CHA Land") by negotiated sale; 3) Dispose of the CHA Land by negotiated sale pursuant to the Purchase and Sale Agreement upon HUD approval of the Disposition application; and 4) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

